

## Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01 IO-14

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 FEA-02 OMB-01 SWF-02 DRC-01 ISO-00 /241 W

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R 051253Z APR 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 5045

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD GATT

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SUBJ: MTN - APRIL 2-4 MEETING OF TNC WORKING GROUP 3(E) -

AGRICULTURE

SUMMARY. APRIL 2-4 MEETING OF TNC SUBGROUP 3(E), AGRICULTURE, WENT AS PLANNED AND RESULTED IN CONSTRUCTIVE AND USEFUL EXCHANGE OF VIEWS ON RECENT DEVELOPMENTS IN AGRICULTURE, THEIR CAUSES, AND OUTLOOK FOR FUTURE, ALTHOUGH PARTICIPATION WAS LESS BROAD THAN AT FIRST MEETING. U.S. PROPOSAL FOR SUBMISSION OF VIEWS BY DELEGATIONS ON QUESTIONS RAISED BY THESE DISCUSSIONS ACCEPTED AND WILL FORM BASIS FOR CONTINUATION OF WORK AT NEXT MEETING, SCHEDULED FOR ONE WEEK BEFORE JULY TNC MEETING. END SUMMARY

1. SECOND MEETING OF SUBGROUP 3(E), CHAIRED BY LUCQ, GATT SECRETARIAT, WAS DEVOTED ALMOST ENTIRELY TO DISCUSSION OF TASK 4 (ANALYSIS OF RECENT CHANGES IN PRODUCTION, CONSUMPTION, SUPPLY AND DEMAND OF AGRICULTURAL PRODUCTS) OF TNC WORK PROGRAM. U.S. DELEGATION (KOENIG) MADE OPENING STATEMENT PER INSTRUCTIONS (SEE GENEVA 2158) AND SEVERAL OTHER DELS MADE PRELIMINARY REMARKS. MAJOR EXPORTERS -- NEW ZEALAND (EASTERBROOK-SMITH), CANADA (MINER), AUSTRALIA (MORE-WILTON) -- STRESSED POSITION THAT NOTHING IN RECENT YEARS CHANGED NEED TO LOOK AT OLD PROBLEMS OF STABLE AND REMUNERATIVE PRICES AND MARKET ACCESS. JAPAN (KAYA) TRACED RECENT TRENDS TO FUNDAMENTAL CHANGES, INCLUDING RISING INCOMES, LOW PRODUCTION GROWTH IN LDC'S, AND UNPREDICTABLE DEMANDS OF NON-MARKET ECONOMIES. ROMANIA EMPHASIZED NEEDS OF LDC'S AND SWEDEN SUGGESTED WORK BEING DONE FOR WFC BE TAKEN INTO ACCOUNT. EC (JACQUOT) SIMPLY NOTED PROCEDURE IT WOULD FOLLOW IN DISCUSSING SPECIFIC COMMODITIES.

2. GROUP TOOK UP EACH OF SEVEN PRODUCT CATEGORIES AGREED UPON AT FIRST MEETING IN TURN, ANALYZING RECENT TRENDS, DISCUSSING CAUSES, AND ASSESSING OUTLOOK FOR NEAR-TERM FUTURE. ON GRAINS, EC STRESSED SLOWDOWN IN RATE OF GROWTH AND HIGH VARIABILITY OF OUTPUT, ATTRIBUTING THIS PRIMARILY TO ADVERSE CLIMATIC CONDITIONS. EC QUOTED STUDIES WHICH SPECULATE THAT WORLD CLIMATE IS CHANGING FOR WORSE IN MANY AREAS, WITH LIMITED OFFICIAL USE

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IMPLICATION THAT IMPORTERS COULD EXPECT EVEN LESS CERTAINTY OF SUPPLY IN FUTURE. U.S. RESPONDED WE CANNOT BASE POLICIES ON UNPROVEN THEORIES. U.S. AND OTHER EXPORTERS NOTED SLOWDOWN IN OUTPUT GROWTH WAS PARTLY DELIBERATE DECISION BY PRODUCERS IN RESPONSE TO RESTRICTIVE TRADE POLICIES IN IMPORTING COUNTRIES, AND ATTRIBUTED PROBLEMS IN GRAIN SECTOR TO IRRATIONAL ALLOCATION OF RESOURCES, WHICH FORCED EFFICIENT PRODUCERS

TO WITHHOLD LAND FROM CULTIVATION FOR LACK OF ADEQUATE MARKETS. U.S. DEL MADE STATEMENT REGARDING VARIABILITY IN TERMS OF DEVIATIONS FROM LONGER TERM TRENDS DRAWING UPON USDA PUBLICATION ON "GRAIN STOCKS, ISSUES AND ALTERNATIVES." A NUMBER OF DELS THOUGHT U.S. STATEMENT INTERESTING AND REQUESTED COPIES. JAPAN TOOK MIDDLE GROUND, ARGUING THAT A MAJOR REASON FOR TIGHT SUPPLIES WAS LOW OUTPUT GROWTH IN LDC'S AND STRESSING UNCERTAINTY OF FUTURE.

3. ON SOYBEANS AND MEAL, U.S. NOTED NEED TO CONSIDER INTERRELATIONSHIPS WITH OTHER PROTEIN PRODUCTS AND SUGGESTED MAIN PROBLEM IN THIS SECTOR WAS TO KEEP TRADE RESTRICTIONS AT PRESENT LOW LEVEL. EC AND JAPAN EXPRESSED DOUBT ABOUT U.S. ABILITY TO INCREASE PRODUCTION AND RELIABILITY AS SUPPLIER GIVEN INTERCHANGEABILITY OF LAND WITH OTHER CROPS. IN RESPONSE TO THESE DOUBTS, U.S. DEL STATED OUR PROJECTIONS SHOW INCREASED EXPORT AVAILABILITIES FOR 1974 AND GREAT LONG-TERM POTENTIAL FOR FURTHER INCREASE IN SOYBEAN PRODUCTION IN U.S.

4. DISCUSSION ON OTHER PRODUCTS (DAIRY, CATTLE AND BEEF, SUGAR, WINE, CITRUS) WAS RELATIVELY BRIEF, WITH ONLY EXPORTERS MAKING COMMENTS. YUGOSLAVS MADE LONG COMPLAINT ABOUT EC VARIABLE LEVIES ON MEAT.

5. AS TASK 4 DISCUSSION ENDED, U.S. PROPOSED THAT DELEGATIONS SUBMIT VIEWS ON QUESTIONS RAISED IN DISCUSSIONS TO SECRETARIAT FOR NEXT MEETING TO PROVIDE BASIS FOR FURTHER WORK ON THIS TOPIC. EC SUGGESTED THAT ANALYSIS PORTION OF TASK 4 WAS STILL INCOMPLETE, BUT, AFTER MID-DAY BREAK AND CONSULTATIONS WITH MEMBER STATES, LIMITED OFFICIAL USE

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AGREED TO U.S. PROPOSAL WITH MINOR PROCEDURAL MODIFICATIONS AND ON CONDITION THAT RETURN TO ANALYSIS OF MARKET DEVELOPMENTS NOT PRECLUDED (SEE GENEVA 2141). LARGE NUMBER OF OTHER DELEGATIONS MADE REMARKS FAVORING U.S. PROPOSAL UNDER SIMILAR CONDITIONS. AUSTRALIA WITH CANADIAN SUPPORT REQUESTED SECRETARIAT ALSO LIST KEY POINTS MADE BY MEMBERS REGARDING FACTORS AFFECTING TRADE IN COMMODITIES STUDIED BEFORE NEXT MEETING.

7. COMMENT. SECOND MEETING WAS CHARACTERIZED BY MORE LIMITED PARTICIPATION IN DISCUSSION THAN FIRST, AND IT WAS CLEAR MANY SMALLER COUNTRIES AND LDC'S WERE NOT WELL PREPARED. BALL WAS KEPT ROLLING LARGELY THROUGH USEFUL EXCHANGE OF VIEWS BETWEEN U.S. AND EC, PLUS CONTRIBUTIONS OF CANADA, AUSTRALIA, AND NEW

ZEALAND. IN PRIVATE MEETING WITH U.S. DEL LATTER COUNTRIES DID ABOUT FACE FROM EARLIER CONCERN THAT U.S. WAS BEING TOO SLOW IN GETTING TO REAL ISSUES: THEY NOW TELL US THAT THEY FEEL WE ARE MOVING FASTER THAN WARRANTED BY EC ABILITY TO DEVELOP POSITIONS. TIME TAKEN BY EC DELEGATION TO AGREE UPON POSITION RELATIVE TO U.S. PROPOSAL FOR FURTHER WORK UNDER TASK FOUR SEEMS TO HAVE BEEN LARGELY DUE TO SUCCESSFUL INSISTENCE BY UK (LACEY) THAT EC TAKE MORE POSITIVE ATTITUDE TOWARD U.S. THAN WISHED BY FRANCE OR BY COMMISSION. JAPANESE PLAYED RELATIVELY CAUTIOUS ROLE AND APPEAR TO BE WAITING FOR LAST MEETING OF THIS SERIES TO MAKE DEFINITIVE STATEMENT OF VIEWS. IN GENERAL WE BELIEVE OTHER DELS, INCLUDING PARTS OF EC, APPRECIATIVE OF CONSTRUCTIVE U.S. APPROACH IN THIS MEETING.

8. FOR NEXT MEETING U.S. DEL MUST BE PREPARED TO ELABORATE ON TWO QUESTIONS POSED IN U.S. PROPOSAL (GENEVA 2141), AND BE ABLE TO COMMENT ON IDEAS WHICH MAY BE PUT FORTH BY OTHER DELS IN RESPONSE TO REQUEST. IN ADDITION, U.S. WILL NEED CONSTRUCTIVE POSITION ON PROBLEMS OF LDC'S AS RELATED TO TASK 4 AND BE WELL PREPARED ON OTHER ITEMS OF 3(E) WORK PROGRAM. AS NEXT MEETING WILL HAVE TO APPROVE REPORT TO BE MADE TO TNC, USG SHOULD DETERMINE U.S. DESIRES FOR ESSENTIAL ELEMENTS OF THIS REPORT BEFORE MEETING BEGINS. LIMITED OFFICIAL USE

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## Message Attributes

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